

FredMeyer

Violation of this policy

Employees who willfully or deliberately violate this policy will be subject to disciplinary action up to and including termination.



7.7 Direct and Relationship Marketing

(1/03)

Statement

In its continuing efforts to improve customer service, Fred Meyer may employ programs and strategies that involve collecting, using, and storing sensitive Customer marketing information, such as names, addresses, social security numbers, and purchase activities. This Customer marketing information will be used exclusively for the purpose of improving promotional offers, rewards, and merchandise selection. Using such marketing programs and strategies requires that Fred Meyer:

- ◆ Ensure all aspects of direct/relationship marketing are conducted in accordance with the guidelines outlined in this policy.
- ◆ Operate in accordance with the Better Business Bureau's Code of Advertising, the U.S. Postal Service, the Federal Trade Commission, the Federal Communications Commission, the Federal Reserve Board, and all other applicable federal, state, and local laws governing advertising, marketing practices, and the transaction of business by mail, telephone, and the print and broadcast media.

Scope

This policy applies to all Fred Meyer Stores employees.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to the Group Vice President Sales Promotion and Marketing.

Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination, and may also be subject to civil and/or criminal penalties for violation of, among other things, applicable securities laws.



Collecting of Customer marketing information

Customer marketing information is collected from Customers 18 years of age or older. Collection of this information is not based on race, religion, color, sex, sexual orientation, disability, age, national origin, marital status, education or income.

It is Fred Meyer's policy to inform its Customers that any personal information obtained may be used for marketing purposes, for example the information may be stored, tracked, and used to provide promotional offers and/or rewards and improved merchandise selection.

Customers must always be given the opportunity to "opt out" or decline special offers or mailings that may result from the information gathered. Customers should also understand that the information gathered will be used for Fred Meyer purposes only and will be kept confidential.

Maintaining confidentiality of Customer marketing information

Customer marketing information is considered confidential and proprietary information and is therefore subject to conditions outlined in corporate policies *4.1 Business Ethics*, *4.5 Securities Trading*, and *7.1 Information Security*.

Any employee working with Customer marketing information is responsible for maintaining the confidentiality of this information. Employees with access to this information must understand and agree to the following:

- ✦ Under no circumstances should this information be rented, sold, loaned, or otherwise divulged to any private individuals, external companies/organizations, or government agencies.
- ✦ This information should only be shared with Fred Meyer employees with a business need to know.
- ✦ Electronic encryption guidelines must be followed when transmitting Customer information.
- ✦ Files must never be used to recreate register journal tapes.
- ✦ His/her work station (that is, computer station and files) must be secure to prevent unauthorized access.
- ✦ All third party providers, such as agencies, mail houses, and printers are required to abide by guidelines outlined in this policy and the Fred Meyer policies listed above.



Using Customer marketing information

The intent of aggregate Customer marketing information is to assist with the development of effective promotional offers and/or rewards and to improve merchandise selection; therefore only employees with a specific business need may access this marketing information. Subsidiary companies of Fred Meyer may collaborate in developing/ implementing new programs, analyzing existing programs, and/or interpreting current aggregate Customer information.

Requests for information

Use the following guidelines when Customer marketing program information is requested:

If the request is from...	then...
Fred Meyer or The Kroger Co.	Obtain authorization from the Group Vice President of Sales Promotion and Marketing
A law enforcement agency	Forward the request to Legal Group and Loss Prevention Division of Fred Meyer
A private individual, external company/organization, or government agency	Obtain authorization from the Group Vice President of Sales Promotion and Marketing

Investigating suspected abuses

Report any suspected abuse of a direct/relationship marketing program or misuse of confidential and proprietary information should be reported to the Group Vice President of Sales Promotion and Marketing and to the Vice President of Loss Prevention.

Fred Meyer



FredMeyer

7.8 Internet Acceptable Use

(2/99)

Statement

Fred Meyer provides employees, who have a business need, with network access to the Internet. This policy provides the guidelines for employee use of Fred Meyer-provided Internet services. The Internet is a powerful communications tool and a valuable source of information about vendors, customers, competitors, technology, and new products and services. Improper use of Internet services can waste time and resources and create legal liability and embarrassment for both Fred Meyer and the employee.

Scope

This policy applies to all Fred Meyer employees with Fred Meyer-provided Internet access.

Definition

Internet service is defined as service that is:

- ✦ Accessed on or from Fred Meyer's premises; and/or
- ✦ Accessed using Company-owned computer equipment or via Company-paid access methods; and/or
- ✦ Used in a manner that identifies an individual with the Company.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to Chief Information Officer.

Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination. Employees using Fred Meyer's computer system for defamatory, illegal, or fraudulent purposes are subject to civil liability and criminal prosecution.

FredMeyer

Company rights

Fred Meyer reserves the right to monitor all Internet accesses (sites visited, dates/times, and information content) and report this information to department managers. Fred Meyer reserves the right to use filtering technology to restrict access to specific sites.

Prohibited uses

Employees are expected to use network Internet access for business-related purposes only. Employees are strictly prohibited from using Fred Meyer-provided Internet services for personal use or to—

- ◆ Download and install any software or services on any workstation;
- ◆ Download software, files, images, etc., that require software or software versions that are not supported at Fred Meyer;
- ◆ Post or otherwise share any proprietary information related to Fred Meyer without prior approval;
- ◆ Engage in illegal, fraudulent, or malicious conduct, including but not limited to violations of copyright/trademark laws;
- ◆ Work on behalf of organizations without any professional or business affiliation with Fred Meyer;
- ◆ Send, receive, or save offensive, obscene, or defamatory material;
- ◆ Monitor or intercept the files or electronic communications of employees or third parties;
- ◆ Obtain unauthorized access to any computer system; and/or
- ◆ Attempt to test, circumvent, hack into, interfere with, or defeat security or auditing systems of Fred Meyer's, any other organization's, or person's computer hardware, software, data, or telecommunications network without prior authorization.

Supported services

Fred Meyer-provided network Internet access does support the following:

- ◆ World Wide Web access via a standard browser application
- ◆ HTTP and FTP protocols
- ◆ HPPTS (secure site access)

FredMeyer

Unsupported services

Fred Meyer-provided network Internet access does not support the following:

- ✦ Java applets
- ✦ Streaming video and audio
- ✦ Non-business related chat room access

Note: If a business need exists for an unsupported service, a request must be submitted to SOS ADM/MO/CPO that includes a detailed description of the business need. Requests will be reviewed and determined on a case-by-case basis.

Issues of confidentiality and security

It is important that those employees provided with Internet access understand it is their responsibility to comply with the following corporate policies:

- ✦ *4.1 Business Ethics*
- ✦ *4.5 Securities Trading*
- ✦ *7.1 Information Security*
- ✦ *7.2 Software Copyright Laws*
- ✦ *7.3 Purchasing Microcomputer Hardware/Software*
- ✦ *7.5 Electronic Mail*

Eligibility

To be considered for Internet access, the employee must have the following:

- ✦ A proven business need for Internet access
- ✦ Written approval from the senior vice president of the division

FredMeyer

Manager's responsibilities

Managers must—

- ◆ determine if a proven business need for Internet access exists before completing a request for access.
- ◆ provide employees with new Internet access:
 - a copy of this policy, and
 - a copy of the Internet Acceptable Usage Agreement to read and sign.
- ◆ send a signed copy of the Internet Acceptable Usage Agreement to Human Resources for each employee with Internet access to be retained in the employee's file.
- ◆ notify Security Administration immediately when an employee with Internet access is terminated or transferred.

Employee responsibilities

Employees granted Internet use access are expected to use this service for business purposes only. In addition, employees with Internet use must read and sign an Internet Acceptable Usage Agreement form that is retained in their personnel file.

Procedure for requesting Internet access

Managers should follow these steps to request that an employee be provided with Internet access:

Step	Action
1	Complete an <i>Information Services Security Request</i> form (SYS912), which can be obtained from the IS security administrator.
2	Obtain a senior/executive vice president's approval.
3	Attach a written request that includes a description of the business need that necessitates Internet access.
4	Send the approved SYS912 form and the written request to the IS security administrator through interoffice mail (SOS ADM/MOCPO).
5	<p>After receiving the request, IS will approve or deny the request based on actual business need.</p> <ul style="list-style-type: none"> ◆ If approved, IS will schedule time to install the necessary software and review the employee agreement form with the employee. ◆ If denied, the manager will be notified.

FredMeyer

7.9 Y2K Purchasing Compliance

(2/99)

Definitions

The *year 2000 (referred to as Y2K) problem* is the inability of many technology systems (software packages and other code in hardware and other equipment) to recognize the year 2000 date. Systems that use two-digits to symbolize years (for example, '96) may be limited to the current century. Therefore "00" may mean "1900" and all calculations or actions based on that date would be adversely affected. The fact that the Year 2000 is a leap year further complicates the issue. Many programs do not contain code that accurately recognize leap years. Years evenly divisible by four that do not end with "00" are leap years. Turn-of-the-century years (years ending in "00") must be divisible by 400 to be a leap year.

Y2K compliant means that the product/service is known to accurately process and reflect dates (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, the years 1999 and 2000, and leap year calculations.

Due diligence is defined in Robert Rothenberg's *The Plain-Language Dictionary* as "the degree of effort and care in carrying out an act or obligation that the average, sincere, energetic person would exhibit; conduct that is devoid of negligence or carelessness."

Statement

To protect Fred Meyer against loss or damage from products/services not Y2K compliant, it is Fred Meyer's policy to exercise due diligence to ensure all products/services purchased, sold, or used are Y2K compliant.

This policy outlines the guidelines to be used when purchasing those products/services that may be affected by the Y2K problem.

Products at risk include any and all products operated by electronic, battery and/or solar power that contain a microchip and/or process dates. The following list provides examples of many products that may be at risk:

- ♦ All information technology: hardware, software, middleware, firmware, EDI exchange, services (for example, telephone companies)

FredMeyer

- ◆ Corporate-wide security systems: door locks, surveillance equipment, safes, secured room access (for example, money rooms), identification badge access equipment
- ◆ Corporate-wide facilities: building controls, elevators, process control equipment, trucking/transportation equipment, refrigeration devices, scales, sprinkler systems and fire controls, generators, emergency management systems, uninterrupted power supplies (UPS), and HVAC systems
- ◆ Any products purchased, sold, or used that contain an electronic component, microchip, and/or calculate dates (for example, VCRs, camcorders)
- ◆ Any products that are read by a scanner (for example, calling cards and credit cards)

Scope

This policy applies to all Fred Meyer employees authorized to purchase products/services for sale or use at any Fred Meyer location, including, but not limited to, buyers, assistant buyers, supply coordinators, and department procurement specialists.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions to the division's Senior Vice President. Route suggested policy updates to the Executive Vice President, Purchasing and Procurement.

Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination.

Purchasing guidelines

All employees authorized to purchase products/services for Fred Meyer are required to act with due diligence when determining if a product/service may be subject to the Y2K problem. If an employee has cause to believe that the product/service may be subject to the Y2K problem, the employee must ensure that the vendor—

- ◆ signs a new Fred Meyer Standard Vendor Agreement (M3203) containing Y2K compliant language, *or*

FredMeyer

- ◆ provides a written expressed warranty that states their product/service(s) is Y2K compliant, *or*
- ◆ signs a new contract or addendum to an existing contract containing Y2K compliance language, *or*
- ◆ provides written assurance that their product/service contains/uses no dates; therefore is not date sensitive.

Vendors should be made aware that any breach of warranty shall entitle Fred Meyer to repair or replacement of any non-compliant product at no cost to Fred Meyer.

Note: Y2K compliance documentation must be retained until December 31, 2005.

Prior to making purchasing decisions, employees should ask the following questions:

Question	If the answer is yes,	If the answer is no,
Is this product/service operated by electronic, battery and/or solar power, contain a microchip and/or process dates, or is there cause to suspect this product/service may need a Y2K compliance warranty from the vendor? If unsure, go to question 2.	Go to question 2.	Purchase the product/service.
Has the vendor ensured the product/service is Y2K compliant by— <ul style="list-style-type: none"> ◆ Signing a Fred Meyer Standard Vendor Agreement (M3203) containing Y2K compliance language, <i>or</i> ◆ Providing one of the following that contains Y2K compliance language: <ul style="list-style-type: none"> • An expressed warranty • New contract or addendum to the existing contract • Written assurance that the product/service contains/uses no dates 	Purchase the product/service.	Go to question 3.

Continued on the next page...

Fred Meyer

Question	If the answer is yes,	If the answer is no,
<p>Is the vendor willing to—</p> <ul style="list-style-type: none"> ✦ Sign a Fred Meyer Standard Vendor Agreement (M3203) containing Y2K compliance language, <i>or</i> ✦ Provide one of the following that contains Y2K compliance language: <ul style="list-style-type: none"> • An expressed warranty • New contract or addendum to the existing contract • Written assurance that the product/service contains/uses no dates 	Complete the necessary paperwork, then purchase the product/service.	Seek an alternate product/service or vendor that meets corporate requirements or obtain your senior vice president's approval prior to purchasing the product/service(s).
<p>Note: For the purchase of new hardware, software, firmware, middleware, etc., all contracts and warranties should list and describe the existing computer system and/or products/services that will be used with the new product(s), regardless of the Y2K compliance of those existing products.</p>		

Standard Vendor Agreement with Y2K language

The following language has been added to the Standard Vendor Agreement (M3203), "Vendor warrants that the goods, to the extent they recognize or generate dates, contain design and performance capability so that prior to, during, and after the calendar year 2000, the goods will not produce invalid or incorrect results or abnormally end because of the year 2000 change. Such design and performance capability shall include, without limitation, the ability to recognize and distinguish dates in both the 20th and 21st centuries and to manage and manipulate data involving dates, including single century and multi-century formulas, calculations, and date values without resulting in the generation of incorrect values involving such dates or causing an abnormal ending."

FredMeyer

7.10 Personal Digital Assistants

(1/05)

Statement

Fred Meyer Stores does not purchase Personal Digital Assistant (PDA) devices, including Palm devices, or their accessories. However, if approved by one's manager, Fred Meyer will support Palm Desktop software version 4.1.4 on company supported workstations on which KTM Services installs it.

Scope

This policy applies to all Fred Meyer Main Office employees.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to the Fred Meyer Kroger Technology Manager (KTM).

Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination.

Who purchases PDAs?

If an employee chooses to use a PDA, it will be at his or her own expense. Any PDA used at Fred Meyer must be one of the devices listed below in order to take advantage of the software that can be installed on an employee's desktop workstation.

Software installation

KTM Services will install the Palm Desktop software version 4.1.4 on an employee's desktop workstation once the employee submits a request, complete with his or her manager's approval.

FredMeyer

What is supported?

Fred Meyer Engineering Services & PC Support supports Palm Desktop software version 4.1.4 installed on Fred Meyer desktop workstations. The software will work with the following models of Palm PDA devices:

Palm OS devices supported by 4.1.4

- ◆ Tungsten C
- ◆ Tungsten E
- ◆ Tungsten W
- ◆ Tungsten T
- ◆ Tungsten T2
- ◆ Tungsten T3
- ◆ Zire 72
- ◆ Zire 71
- ◆ Zire 31
- ◆ Zire 21
- ◆ Zire
- ◆ Palm i705
- ◆ Palm m500 series
- ◆ Palm m100 series
- ◆ Palm VII series
- ◆ Palm V series
- ◆ Palm III series
- ◆ PilotPilot handhelds

Palm OS devices not supported by 4.1.4

- ◆ Tungsten T5

In addition, *the employee* must supply a **cradle** for attaching the Palm device to a workstation.

Is Palm hardware supported?

No; there is no defined business requirement at this time. Since a PDA is a highly flexible, total productivity and entertainment device, people use and customize PDAs for both personal and business needs (for example: personal address books, shopping lists, calendar appointments, birthdays, etc.)